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SUBJECT: CHINA-VIETNAM: BEIJING PRESSURING HANOI ON ENERGY
DEALS NEAR SPRATLY ISLANDS

REF: BEIJING 2360

Classified By: Political External Unit Chief Edgard Kagan, Reasons 1.4
(b/d).

Summary

¶1. (C) Chinese protests last week over Vietnamese energy exploration and survey activity in the South China Sea were especially "heavy-handed" and timed to gain leverage during the visit of Vietnam's National Assembly Chair to Beijing, according to a Vietnamese diplomat. MFA officials confirmed that they "could not keep silent" in the face of Vietnam's actions to renew oil and gas exploration leases that China views as contrary to the South China Sea Declaration of Conduct. Beijing privately also objected to Hanoi's cooperation with Russia to explore Vietnam's continental shelf claims. Hanoi is sending a delegation to China to discuss China's human rights report on the United States and related issues, our contact said. End Summary.

¶2. (C) MFA officials last week called in the Vietnamese Ambassador in Beijing to strongly protest Vietnamese gas and exploration activity in the South China Sea, MFA Southeast Asia Division Director Chen Dehai and Vietnamese Embassy Political Officer Trinh Viet Thai separately told poloff. The Chinese objected to three Vietnamese activities in the South China Sea, although they mentioned the third item only in private, not in the MFA's public statement, Thai said:

- renewal of a previous bid concession for oil and gas exploration near the Spratly Islands,
- announcement of the second phase of a pipeline project with BP to transport LNG from the Spratlys and
- a Russian-backed project in which Vietnam is surveying its continental shelf to more accurately determine its territorial rights under the UN Convention on the Law of the Sea.

On April 10, the MFA Spokesman said Vietnam's "new moves" in the Spratly Islands are "illegal and invalid," as they infringe on China's undisputed sovereignty of the Islands and violate the Declaration on the Conduct of Parties in the South China Sea (reftel).

Disrupt Visit by Vietnam Assembly Speaker

¶3. (C) Thai said that none of the Vietnamese actions in the

Spratlys are new but that Beijing opted to take the dispute public as a way of gaining maximum leverage and seeking to disrupt the visit of National Assembly Chair Nguyen Phu Trong. Thai said MFA Asia Department Director General Hu Zhengyue called in Vietnam's Ambassador on one-hour notice, threatening that failure to appear would result in a disruption of Trong's schedule. The Vietnamese took this as a sign of particular heavy-handedness, he said. Ultimately, Trong's meetings with President Hu Jintao, Politburo member Jia Qinglin, NPC Chair Wu Bangguo and others went forward without incident.

¶4. (C) MFA's Chen told us that the timing of the protest, during Trong's visit was a coincidence. China welcomed Trong but "could not keep silent" about Vietnam's disregard for the previous consensus to refrain from exploiting energy resources in disputed areas of the South China Sea, he said, even if there was an ongoing bilateral visit.

Vietnam Studying China's Report on U.S. Human Rights

¶5. (C) Separately, Thai mentioned that Vietnam is sending a delegation to Beijing later this month to learn how China handles American human rights criticism. In particular, the Vietnamese delegation will study China's Human Rights Report on the United States. A resurgence of anti-government activism linked to the "8046 group" is behind Hanoi's interest in this topic, Thai said. While Vietnam seeks to earn from China on this topic, it generally feels that it is "ahead" of Beijing with respect to its handling of issues such as elections for government and party officials and relations with the Vatican, Thai said.

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